## REMARKS/ARGUMENTS

In light of the above amendments and remarks to follow, reconsideration and allowance of this application are respectfully requested.

Claims 1, 3, 6-11, 13, and 16-17 are pending in this application. Claims 4-5, 14-15, 27 and 28 are canceled.

The previous amendment was objected to under 35 USC 132(a) for introducing new matter into claims 1 and 11. Although Applicants respectfully disagree with the Examiner that the amendments added new matter or were not fully supported in the specification; the previous amendments to claims 1 and 11 have been reversed. Accordingly, this objection is moot.

Claims 1, 3-11, 13-17 and 27-28 were rejected under 35 U.S.C.  $\S102(e)$  as being anticipated by Ginter et al. (Published U.S. Application 2004/0133793).

The present claims now recite "said additional service offered to said customer by said controlling means includes:... restoring said encoded digital data onto said storage medium when the encoded digital data is damaged; and converting said encoded digital data recorded on said storage medium into encoded digital data of a different bit rate before replacing unconverted digital data with converted digital data on said storage medium." (Claims 1 and 11) These limitations have been amended into claims 1 and 11 from canceled dependent claims 4-5 14-15 respectively. Figure 12 supports the present of invention's feature restoring (repairing) previously purchased data which has been damaged. Figure 13 supports the present invention's feature of purchasing an upgrade to a higher quality (bit-rate) encoded data.

Application No.: 10/085,462

The Examiner contends Ginter discloses the present invention's restoring service in paragraphs [0186-0191, 2064]. (Office Action page 8) However, at the cited locations, Ginter discloses various controls for content charges and restoring management files. Ginter does not disclose restoring purchased content data (encoded digital data) as required in the present claims.

The Examiner contends Ginter discloses the present invention's upgrading service in paragraphs [2279-2321]. (Office Action page 9) However, at the cited locations, Ginter does not disclose converting the encoded digital data to a different bit rate as recited in the present claims. Hence, Ginter fails to meet the present invention's upgrading feature as required in the present invention.

In view of the above, each of the presently pending claims in this application is believed to be in immediate condition for allowance. Accordingly, the Examiner is respectfully requested to withdraw the outstanding rejection of the claims and to pass this application to issue.

In view of the above, each of the presently pending claims in this application is believed to be in immediate condition for allowance. Accordingly, the Examiner is respectfully requested to withdraw the outstanding rejection of the claims and to pass this application to issue.

If, however, for any reason the Examiner does not believe that such action can be taken at this time, it is respectfully requested that he/she telephone applicant's attorney at (908) 654-5000 in order to overcome any additional objections which he might have.

If there are any additional charges in connection with this requested amendment, the Examiner is authorized to charge Deposit Account No. 12-1095.

Dated: May 9, 2007

Respectfully submitted,

Darren M. Simon

Registration No.: 47,946 LERNER, DAVID, LITTENBERG, KRUMHOLZ & MENTLIK, LLP

600 South Avenue West

Westfield, New Jersey 07090

(908) 654-5000

Attorney for Applicant

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